



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.07

Voluntary Report - public distribution

Date: 2005/10/4

GAIN Report Number: TW5036

Taiwan

Retail Food Sector

Update on Retail Trends

2005

Approved by:

Hoa Van Huynh, Director, Agricultural Trade Office
American Institute in Taiwan

Prepared by:

Amy Hsueh, Marketing Specialist

Report Highlights:

Tesco Stores (Taiwan) decided to withdraw from the Taiwan market and will be acquired by the Carrefour Taiwan upon approval by Taiwan's Fair Trade Commission.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei ATO [TW2]
[TW]

Based on local press accounts, Carrefour SA, the world's second largest retailer, announced in early October 2005 that it will take over TESCO Stores (Taiwan) Company's six outlets and two development sites as part of an asset-swap deal with Tesco plc in the UK. In return, Carrefour will hand over its 11 outlets in the Czech Republic and 4 stores in Slovakia to Tesco. The deal, which is currently pending approval by Taiwan's Fair Trade Commission, will boost Carrefour's market presence from 33 percent with 36 outlets nation-wide to a promising 40 percent with 42 outlets. The commission is expected to approve the takeover in two or three months. This is the first deal of its kind between two global retail groups.

Local press quoted Carrefour Taiwan's spokesperson, as saying: "If you find yourself struggling hard to make headway in certain countries, why keep doing it? We're late in breaking into the Czech Republic and Slovakia, and Tesco faces the same situation in Taiwan. I think this new breakthrough will facilitate these two groups' healthy operations."

The UK retailer entered Taiwan in 2000 with a relatively slow pace of store expansion compared with its stronger rivals, including Carrefour, which is still maintaining its policy of opening three to four stores in Taiwan every year.

The France-based Carrefour SA and the Uni-President Group, Taiwan's largest food company, in 1987 established Carrefour Taiwan jointly. Currently, Carrefour and the Uni-President each hold a sixty percent (60%) and forty percent (40%) stake respectively. Carrefour is taking a market-leading position in Taiwan. Carrefour indicated in a press interview that localization, product differentiation, private labels, and flexible new store openings are the main factors of its success in Taiwan.